§ 4280.153 Substitution of lender.

(a) All substitutions of lenders must comply with §4287.135(a)(2) and (b) of this chapter and paragraph (b) of this section.

(b) The Agency may approve the substitution of a new lender if the proposed substitute lender:

1. Is an eligible lender in accordance with §4280.130;
2. Is able to service the loan in accordance with the original loan documents; and
3. Acquires title to the unguaranteed portion of the loan held by the original lender and assumes all original loan requirements, including liabilities and servicing responsibilities.

§ 4280.154 Default by borrower.

If the loan goes into default, the lender must comply with §4287.145 of this chapter.

approval of new loan terms will be supported by an explanation of the reasons for the proposed change in loan terms.

(3) Additional loans. Loans to provide additional funds in connection with a transfer and assumption must be considered as a new loan application under §4280.128.

(4) Loss resulting from transfer. If a loss should occur upon consummation of a complete transfer and assumption for less than the full amount of the debt and the transferor (including personal guarantors) is released from liability, the lender, if it holds the guaranteed portion, may file Form RD 449-30, “Loan Note Guarantee Report of Loss,” to recover its pro rata share of the actual loss. If a holder owns any of the guaranteed portion, such portion must be repurchased by the lender or the Agency in accordance with §4279.78(c) of this chapter. In completing the report of loss, the amount of the debt assumed will be entered as net collateral (recovery). Approved protective advances and accrued interest thereon made during the arrangement of a transfer and assumption will be included in the calculations.